

TIANJIN ZHONG XIN PHARMACEUTICAL GROUP CORPORATION LIMITED

(Company Registration No. 120000000004711)

(Incorporated in People's Republic of China)

Disclosure on the amendment in the non-compete undertaking in relation to the Proposed Placement

The board of directors of Tianjin Zhong Xin Pharmaceutical Group Corporation Limited (the "Board") collectively and individually accept full responsibility for the accuracy of the information given in this announcement, and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, the facts stated in this announcement are fair and accurate in all material respects as at the date of this announcement, and that there are no material facts the omission of which would make any statement in this announcement misleading.

The Board refers to the previous announcement by the Company on 7 January 2015 ("Prior Announcement") in relation to the Proposed Placement.

Capitalised terms not defined herein shall bear the same meaning as terms defined in the Prior Announcement.

Amendment in the non-compete undertaking arising from the Proposed Placement

The Board wishes to announce that pursuant to comments from the China Securities Regulatory Commission (the "CSRC"), the controlling shareholder of the Company, Tianjin Pharmaceutical Group Co., Ltd. ("TPG"), has amended its non-compete undertaking to clarify that the transfer (either via shares or asset sales) of its subsidiaries that are in the sales business segment, will not involve strategic investors.

The full non-compete undertaking (as previously set out in the Prior Announcement, under paragraph 3 of the heading "Disclosure in relation to non-compete undertaking") is set out below, with the amendment in bold and underline:

- 1. TPG and its subsidiaries shall not, whether directly or indirectly (including but not limited to sole proprietorship, joint venture, holding interests in other companies or enterprises), conduct any business in competition with the businesses of any branch companies and subsidiaries of the Company.*
- 2. As at the date of the non-compete undertaking, except for Tianjin Chinese Medicinal Slices Co., Ltd. (an indirect subsidiary of TPG), TPG does not have any subsidiaries that are in competition with the Company's manufacturing business segment. TPG undertakes to reduce its shareholding in Tianjin Chinese Medicinal Slices Co., Ltd. to*

45% or below by 31 October 2015.

3. *In relation to the Company's sales business segment, TPG undertakes to transfer (either via shares or asset sales) its subsidiaries that are in this segment to the Company or independent third parties by 31 December 2017. **Except for TPG, this transfer shall not involve any Strategic Investors (under the applicable rules of the CSRC, a Strategic Investor refers to a shareholder who holds less than 50% shareholding in the Company).***
4. *TPG shall obtain all relevant approvals required under the relevant state-owned assets management rules for the purposes of this non-compete undertaking (including, if required, the approval of the State-owned Assets Supervision and Administration Commission of Tianjin Municipal People's Government). If approval cannot be obtained, TPG will strive to resolve the conflict of interest via other legal means.*
5. *After the above mentioned shares or asset sales, TPG shall monitor its business activities for any other potential conflicts of interest with the Company. Where there are any potential conflicts, TPG shall carry out the following measures:*
 - (a) *When deemed necessary by the Company, TPG shall reduce its shareholding interest in a competing subsidiary such that TPG is no longer in control of, or holds no shareholding interest in the competing subsidiary;*
 - (b) *When deemed necessary by the Company, the Company shall have the right to purchase the shares, assets or business of the competing subsidiary;*
 - (c) *When a situation arises that results in a conflict of interest between TPG and the Company, TPG shall unconditionally resolve the conflict of interest in favour of the Company;*
 - (d) *Unconditionally accept any measures proposed by the Company to resolve any other conflicts of interest.*
6. *In the event that TPG and its subsidiaries breach the non-compete undertaking, TPG shall (a) compensate any losses suffered by the Company and its branch companies, subsidiaries or joint ventures; and (b) pay all profits derived from competing businesses as a result of the breach to the Company.*

The new non-compete undertaking shall be effective from the date of execution until TPG is no longer in control of the Company.

By order of the Board of Directors
28 April 2015